

**FIRST AMENDMENT TO MASTER SERVICES AGREEMENT BETWEEN
THE CITY OF MILPITAS AND GREGORY B. BRAGG & ASSOCIATES, INC**

This First Amendment is entered into this _____ day of _____, 2005 by and between the City of Milpitas, a Municipal corporation, hereafter referred to as "CITY" and GREGORY B. BRAGG & ASSOCIATES, INC. (herein called "Consultant").

RECITALS

WHEREAS, the parties hereto entered into an Agreement on September 1, 2002 for the Consultant to work as the City's Workers' Compensation Third Party Administrator providing services in accordance with any applicable requirements of federal, state or local laws or rules and/or regulations; and

WHEREAS, the term of the original Agreement was from September 1, 2002 through June 30, 2005, and

WHEREAS: the parties wish to extend and amend said Contract.

NOW, THEREFORE, in consideration of the mutual covenants and conditions herein contained the parties agree to amend the Agreement as follows:

1. Section 1.1 of the Agreement entitled "Terms of Services" is amended to read as follows:

Term of Services. The term of this Agreement shall begin on the date first noted above and shall end on October 31, 2005 and Consultant shall complete all the work described in Exhibit A prior to that date, unless the term of the Agreement is otherwise terminated or extended, as provided for in Section 8. The time provided to Consultant to complete the services required by this Agreement shall not affect the City's right to terminate the Agreement, as provided for in Section 8.

2. Section 9.3 is added to the Agreement and will read as follows:

Records Storage. CONSULTANT shall provide storage of closed claim files for up to 5 years from the end date specified in Section 1.1 of this Agreement, as required by law, at no additional cost to the CITY. Claim files closed longer than 5 years may be returned to CITY or otherwise be converted to another media, destroyed, or continued to be stored at actual cost based upon the direction provided by the CITY.

3. Section 10.9 of the Agreement entitled "Contract Administration" is amended to read as follows:

Contract Administration. This Agreement shall be administered by the Acting Human Resources Director, Carmen Valdez, who is authorized to act for, and on behalf of, City. All correspondence shall be directed to or through the Contract Administrator or his or her designee.

4. Exhibit B of the Agreement is replaced with the following revised Exhibit B:

Exhibit B

COMPENSATION/FEE SCHEDULE

Worker's Compensation Claims Administrative Costs

SERVICE	IMPLEMENTATION FEE	FIRST PERIOD (07/01/2002-06/30/2003)	SECOND PERIOD (07/01/2003-06/30/2004)	THIRD PERIOD (07/01/2004-06/30/2005)	FOURTH PERIOD (07/01/2005-10/31/2005)
Claims Administration		\$6,318 per Month for up to 91 Indemnity files. \$78 per file per Month per claim files in excess of 91.	\$6,318 per Month for up to 91 Indemnity files. \$78 per file per Month per claim files in excess of 91.	\$6,804 per Month for up to 91 Indemnity files. \$84 per file per Month per claim files in excess of 91.	\$6,804 per Month for up to 91 Indemnity files. \$84 per file per Month per claim files in excess of 91.
Data Storage/Maintenance					
Standard Reporting/Distribution		Incl.	Incl.	Incl.	Incl.
Ad Hoc Reporting Access for 2 Users		Incl.	Incl.	Incl.	Incl.
Online Access Software/Support for 2 Users		Incl. - \$100 Per Year for Each Additional User	Incl. - \$100 Per Year for Each Additional User	Incl. - \$100 Per Year for Each Additional User	Incl. - \$100 Per Year for Each Additional User
Claims Edit/Diary Entries for 2 Users		Incl.	Incl.	Incl.	Incl.
Medical Management Review		Outside Vendors	Outside Vendors	Outside Vendors	Outside Vendors
PPO Re-Pricing		25% of Savings	25% of Savings	25% of Savings	25% of Savings
Fee Schedule Review		15% of Savings	15% of Savings	15% of Savings	15% of Savings
Negotiated Discount		N/A	N/A	N/A	N/A
Litigation Coordination/Representative		N/A	N/A	N/A	N/A
Physician Consultation/Review		Outside Vendors	Outside Vendors	Outside Vendors	Outside Vendors
Loss Control Services		\$98/Hr. & Expenses	\$100/Hr. & Expenses	\$102/Hr. & Expenses	\$102/Hr. & Expenses
Physical Transfer of Files	\$250				
Data Conversion	\$1,000				
Investigations		\$62/Hr & Expenses	\$64/Hr & Expenses	\$66/Hr & Expenses	\$66/Hr & Expenses
Annual Administration Fee		\$3500	\$3600	\$3750	\$3,750

All other provisions of the Agreement shall remain in full force and effect.

Approval Signatures

By signing below, the following individuals hereby represent that they have legal authority to obligate their respective organizations to this agreement.

City of Milpitas

Date: _____

By: _____

Charles Lawson, Interim City Manager

Approved as to Content:

Approved as to Form:

By: _____

By: _____

Carmen Valdez, Acting Human Resources Director

Steve Mattas, City Attorney

Attest:

By: _____

Mary Lavelle, City Clerk

GREGORY B. BRAGG & ASSOCIATES, INC.

Date: _____

By: _____

This signed Agreement together with a Purchase Order, if applicable, shall be sent to the following address:

Gregory B. Bragg & Associates, Inc.
Randall C. Smith, CPA, ARM - President
P.O. Box 2216
Granite Bay, Ca 95746-2216